

PROPOSED BUDGET CONTROL LANGUAGE

June 6, 2006

California Public Employees' Retirement System—Item 1900-001-0942—Medicare Part D
Employer Subsidies

Provisions:

1. Funds appropriated in this item shall be used by the Public Employees' Retirement System to implement the processing of Medicare Part D eligibility files, reconciliation files, and subsidy requests. The Public Employees' Retirement System shall continue to apply directly for the maximum possible amount of Medicare Part D drug subsidies in 2006 and 2007.
2. Notwithstanding the requirements of Provision 1, the Public Employees Retirement System may choose not to apply for subsidies related to plans that are eligible to act as sponsors and receive Part D subsidies related to their enrollees or with respect to persons enrolled in a board-approved Medicare Advantage prescription drug health benefit plan, consistent with actions of the Public Employees' Retirement System for calendar year 2006. If the Public Employees' Retirement System chooses not to apply for subsidies pursuant to this provision, the Public Employees' Retirement System shall so notify the Department of Finance, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the ~~State Budget~~ budget, the Chairperson of the Joint Legislative Budget Committee, and the Legislative Analyst's Office, and shall include in that notification an explanation of the facts and circumstances underlying that choice.
3. All Medicare Part D drug subsidies received as a result of the applications made pursuant to Provision 1 shall be deposited to the Special Deposit Fund and identified as Medicare Part D drug subsidy funds. The Medicare Part D drug subsidy funds shall be expended for the purposes described in Provision 1. No Medicare Part D drug subsidy funds remaining in the Special Deposit Fund after payment of the uses listed in Provision 1 may be spent or transferred to other funds except upon appropriation by the Legislature. Notwithstanding this prohibition on spending or transferring the funds, the portion of any Medicare Part D drug subsidy funds that ~~(1)~~ (a) are attributable to public employers other than the state that participate in the Public Employees' Retirement System's health programs and ~~(2)~~ (b) remain in the Special Deposit Fund after paying for the activities described in Provision 1 shall be distributed to these other public employers pursuant to a distribution schedule proposed by the Public Employees' Retirement System and approved by the Director of Finance.
4. If the Board of Administration of the Public Employees' Retirement System wishes to propose an amended approach concerning applications for Medicare Part D drug subsidy funds in 2008 or a use for Medicare Part D drug subsidy funds expected to be accumulated in the Special Deposit Fund, the Board of Administration shall submit a proposal for these purposes to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the appropriate fiscal and policy committees of the Legislature, and the Director of Finance on or before December 1, 2006.